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IN THE

Supreme Court of the United States

October Term, 1957
No. 647

LAS PALMAS FOOD COMPANY, INC., a corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Petitioners,

vs.

RAMIREZ & FERAUD CHILI CO., a co-partnership,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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RAMIREZ & FERAUD CHILI CO., a co-partnership,

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Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled case on July 29, 1957 [R. 92].[1]

Citations to Opinions Below.

The opinion of the Court of Appeals for the Ninth Circuit has not yet been officially reported but has appeared in 114 United States Patent Quarterly, page 473.

[1] "R." references are to the pagination of the printed Transcript of Record as supplemented by the typewritten copy of Proceedings had in the United States Court of Appeals for the Ninth Circuit. For convenience the Appendices referred to in the text have been separately bound and are filed concurrently with this Petition.

It is reprinted here as Appendix "A-1." The judgment of said court is reprinted as Appendix "A-2."

The opinion of the United States District Court for the Southern District of California, Central Division, is reported in 146 Federal Supplement, page 594, and has been reprinted in 111 United States Patent Quarterly, page 296. It is reprinted here as Appendix "B-1." The Writ of Preliminary Injunction of said court appears at R. 76 and is reprinted as Appendix "B-2."

Jurisdiction.

The judgment of the Court of Appeals for the Ninth Circuit was entered on July 29, 1957 [R. 92].

A petition for rehearing was timely filed and denied by said court on November 4, 1957 [R. 93]. The mandate of said court has been stayed pending the disposition of this Petition for Certiorari.

Jurisdiction to review the judgment by writ of certiorari is conferred on this Court by 15 U. S. C. Section 1122 and 28 U. S. C. Section 1254(1).

Questions Presented.

(1) Where plaintiff-respondent obtained in 1940, and now has, a valid United States registration of the trade-mark "Las Palmas" and has sold and now sells its trade-marked goods in the United States and in the Republic of Mexico but has never obtained a registration of the trade-mark "Las Palmas" in Mexico; and where a United States resident who is a Mexican national obtained in 1954 and now has a valid registration in the Republic of Mexico of the trade-mark "Las Palmas" and defendant-petitioners, including said Mexican national and American citizens, package and sell their trade-marked goods *ex-*

clusively in the Republic of Mexico under said valid Mexican registration; and where prior to the filing of its complaint herein in the United States District Court the respondent instituted proceedings in the appropriate Mexican tribunal to attempt to cancel or nullify petitioners' Mexican registration, and during the pendency of petitioners' appeal herein said Mexican tribunal ruled adversely to respondent; does a United States District Court under such circumstances have jurisdiction under the Lanham Act to enjoin petitioners from using the trade-mark "Las Palmas" not only in the United States, where they have never used it, but also in the Republic of Mexico, where they are the confirmed registered owners of it?

(2) Under the circumstances described in (1) above, and where defendant-petitioners' use of the trade-mark "Las Palmas" in the Republic of Mexico is pursuant to a status specifically granted and confirmed by said foreign sovereign, does the doctrine of comity operate to prevent a United States District Court from enjoining the petitioners from using said trade-mark in the Republic of Mexico?

(3) Where under the circumstances described in (1) and (2) above a United States District Court expressly relies on the fact that the foreign sovereign has not determined the validity of petitioners' trade-mark registration in said foreign country in adversary proceedings therein, and said United States District Court enjoins petitioners from using their valid foreign trade-mark in the foreign country of registration; and where, during the pendency of an appeal from said injunction the courts of the foreign sovereign in adversary proceedings between respondent and petitioners determine and confirm the validity of petitioners' prior registration of said trade-mark in said foreign country; may the Court of Appeals

nevertheless ignore said foreign adjudication and affirm the issuance of the injunction by the District Court without more?

Treaty and Statutes Involved.

This case involves the Lanham Act (15 U. S. C. Chap. 22, Secs. 1051-1127); Title III (Trademarks) of the Law of Industrial Property of the Republic of Mexico; and the International Convention for the Protection of Industrial Property (Paris Union 1883), 53 Stat. 1754, as revised 1934, T. S. No. 94. The pertinent extracts from these statutes and this treaty are printed as Appendices "C-1," "C-2" and "C-3" respectively.

Statement of the Case.

The Findings of Fact [R. 53-70], which substantially follow the Amended Complaint [R. 25-41], show the case in the District Court to have been as follows:

Plaintiff-respondent, a partnership composed of California residents and citizens, is the owner in the United States of the trade-mark "Las Palmas" for various canned foods and condiments. Plaintiff's United States registration, obtained in 1940, is now incontestable under the federal Trade-Mark Act. Plaintiff's products are sold and advertised under said trade-mark in both the United States and the Republic of Mexico. Plaintiff has not registered its trade-mark in Mexico, but plaintiff has sold there under its trade-mark since 1948, particularly in northwestern Mexican border cities such as Mexicali, Tijuana and Ensenada, and plaintiff has developed good will associated with its mark in Mexico.

In Mexico one Fernando De La Pena of Tijuana, Baja California, applied to register the trade-mark "Las Palmas" on October 28, 1953; the Mexican authorities issued such a registration to him on February 10, 1954.

This registration has not been cancelled. De La Pena is not a party to this action.

Defendants and petitioners are a California corporation (Las Palmas Food Company, Inc.), a California resident and United States citizen (Ralph Worthington), and a Mexican citizen residing in Los Angeles (Pablo Baca Gavaldon). With knowledge of plaintiff's good will and trade-mark, and to trade on the same,[2] defendant Gavaldon on November 30, 1954, became assignee of the Mexican registration "Las Palmas" and defendants with said knowledge and intent have been using said trade-mark to process, distribute and sell canned food products *exclusively in Mexico.*[3]

The packaging and dress of the goods of respondent and petitioners are substantially similar and would con-

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[2]Petitioners are not attacking the sufficiency of the evidence to support the findings, as we believe clear-cut issues of law are raised by the findings, conclusions and injunction. For that reason, though there were conflicting affidavits before the trial court on many points [see R. 54-55], including those referred to in the text here, the affidavits, with one exception, were not made part of the Transcript of Record. The short affidavit in the Record is that of a Mexican trade-mark attorney which is pertinent to petitioners' legal issues raised in the Court of Appeals and here. See text, *infra.*

[3]Defendants print their labels and secure their cans and cartons in the United States for their operations in Mexico. The packaging of all their products and all their sales here involved are in Mexico and not at all in the United States. Finding 2 in part is:

> "Defendant Las Palmas Food Company, Inc., . . . is now engaged in packing and distributing such products in the Republic of Mexico." [R. 56.]

Finding 18 in total is as follows:

> "Since December, 1954, defendants have made no sales in the United States under any labels or packaging which included the words, name, or trade name 'Las Palmas' or 'Las Palmas Food Co., Inc.,' or any colorable imitation thereof; and all sales by defendants under labels or packaging bearing the trade-mark 'Las Palmas' have been made by defendants in the Republic of Mexico and none have been made in the United States; goods sold under such trade-mark by defendants have been packed exclusively in the Republic of Mexico." [R. 61.]

fuse and mislead purchasers, some of whom are persons of Mexican origin who reside in border cities in the United States and make purchases in Mexico and carry their purchases back to the United States, to the alleged damage of respondent's good will. In addition, on or about August 30, 1955, defendant Las Palmas Food Company, Inc., informed respondent and respondent's brokers and wholesalers in the United States and Mexico that said defendant was the exclusive owner of the "Las Palmas" brand registered in Mexico and asserted an infringement thereof in Mexico by respondent. The Trial Court found that this communication was sent in bad faith [Fndgs. 27 and 28, R. 64-65].

Plaintiff's Amended Complaint invoked the jurisdiction of the District Court under the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of the United States Code, as well as under Chapter 85 of Title 28 of the United States Code, Section 1338(b) [R. 26]. Plaintiff prayed "for a temporary and permanent injunction enjoining the defendants . . . from infringing plaintiff's trade-mark 'Las Palmas' and/or competing unfairly with plaintiff in the United States *and/or in the Republic of Mexico,*" as well as for an accounting and damages and other relief [R. 39-41]. Plaintiff applied for a preliminary injunction to restrain defendants, *inter alia,* from using the trade-mark "Las Palmas" in Mexico [R. 43-45].

Defendants opposed the motion for preliminary injunction and moved to dismiss on the grounds of lack of jurisdiction, the principle of comity, and failure of the complaint to state a claim upon which relief could be granted [R. 49-52].

In addition to conflicting affidavits on various facts there were before the District Court copies of defendant's Mexican trade-mark registration, an "Extract of Pertinent Mexican Law," and the "Affidavit of Juan Del Avellano Ochoa," an attorney at law specializing in trademarks and admitted to practice in all the courts of the Republic of Mexico [R. 53-55]. The text of the "Extract of Pertinent Mexican Law" is reproduced in Findings 31 and 32 [R. 66-68][4] and is reprinted as Appendix "C-2"; the affidavit of Ochoa is at R. 21-22. The affidavit stated in part that the Mexican trade-mark "Las Palmas" issued to de la Pena and thereafter assigned to defendant Gavaldon "was legally issued under the laws of the Republic of Mexico and legally assigned to Pablo Baca Gavaldon; that under the laws of the Republic of Mexico, Pablo Baca Gavaldon is now the exclusive owner of said trademark and has the exclusive right to sell in the Republic of Mexico products consisting of chili sauce and spice under the name Las Palmas." No other evidence on the law of the Republic of Mexico or on its effect here was before the District Court.

The District Court overruled defendants' motion, granted plaintiff's motion, and enjoined defendants, *inter alia*, "from using . . . the trade-mark 'Las Palmas' . . . on or in connection with any sale, [etc.] . . . in either the United States or the Republic of Mexico . . ." [R. 79]. Jurisdiction was found under the Trade-Mark Act of 1946 [Concl. 2, R. 70].

In its opinion the District Court stated:

> "Nor does plaintiff ask this court to negate something that has already been determined in adversary

[4]The descriptive introductory sentences of Findings 31 and 32 are the language of the United States District Court, not the language of the "Extract of Pertinent Mexican Law."

proceedings between the parties at bar in a foreign forum. [Citations] Thus comity does not here argue against exercise of the power which the Congress has conferred" (146 Fed. Supp. at 602).[5]

Prior to the oral argument before the United States Court of Appeals for the Ninth Circuit, the appropriate administrative agency in the Republic of Mexico in adversary proceedings between the parties hereto denied plaintiff's application for nullification of defendants' trade-mark "Las Palmas." This opinion and order were

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[5]Petitioners contend that the principle of comity operated as a bar to the exercise of jurisdiction by the United States District Court even prior to the foreign determination in adversary proceedings, as petitioners' Mexican registration at all times was valid. This is comprised within the second question presented for review. Nevertheless we highlight the District Court's reasoning because of the subsequent events narrated in the Statement of the Case. The full paragraph of the District Court's opinion, with citations, is as follows:

> "It should perhaps be emphasized that plaintiff does not seek a determination that any act of a foreign sovereign is invalid. (Cf.: American Banana Co. v. United Fruit Co., supra, 213 U. S. at 358; Bernstein v. Van Heyghen, 163 F. 2d 246, 249 (2d Cir.), cert. denied, 332 U. S. 772 (1947); Banco de Espana v. Federal Reserve Bank, 114 F. 2d 438, 443 (2d Cir. 1940).) Nor does plaintiff ask this court to negate something that has already been determined in adversary proceedings between the parties at bar in a foreign forum. (Cf.: Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633, 646-647 (2d Cir.), cert. denied, 352 U. S. 871 (Oct. 15, 1956); Geo. W. Luft Co. v. Zande Cosmetic Co., 142 F. 2d 536, 540 (2d Cir.), cert. denied, 332 U. S. 756 (1944).) Thus comity does not here argue against exercise of the power which the Congress has conferred."

It is significant that the trial judge in his lengthy opinion (Appendix "B-1") cited the *Vanity Fair* and *Luft* cases, *supra*, on which petitioners have insistently relied, only in the paragraph reproduced above: that is, he held them inapplicable because of the absence of the fact which is now part of the record but was not before him—an adjudication in adversary proceedings in the foreign forum that defendants' Mexican registration is valid and superior to plaintiff's rights in Mexico.

made part of the record before said appellate court and are reprinted here as Appendix "D-1." In part the Mexican administrative agency stated:

> "From the foregoing it is deduced that Ramirez & Feraud Chili Co. has not shown a prior use in the Mexican Republic of the 'LAS PALMAS' mark which is registered in this Office under number 76068 in the name of Pablo Baca Gavaldon, whose nullification is requested, and inasmuch as none of the grounds alleged has been proven, it is not in order to declare said nullification, and therefore the same is denied."

The United States Court of Appeals for the Ninth Circuit nevertheless on July 9, 1957, affirmed the order of the District Court and for its opinion adopted the opinion of the District Court without more (Appx. "A-1").

Thereafter, on plaintiff's appeal in the Republic of Mexico from the aforesaid administrative ruling, the First District Court on Administrative Matters of the Republic of Mexico affirmed the ruling of the administrative agency. The opinion of this Mexican federal court was made part of the record before the United States Court of Appeals for the Ninth Circuit and is reprinted here as Appendix "D-2." Nevertheless said United States Court of Appeals on November 4, 1957, denied defendants' Petition for Rehearing without opinion.[6]

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[6]Plaintiff has pursued its appeal in the Republic of Mexico to the Supreme Court of Mexico. At this writing that Court, which is the highest court in the Republic of Mexico, has not rendered any opinion in the matter. Should any ruling be made by the Supreme Court of Mexico prior to the disposition by this Court of this matter, petitioners will call said ruling to the attention of this Court. Compare *Steele v. Bulova Watch Co.*, 344 U. S. 280, 285 (1952).

ARGUMENT AMPLIFYING REASONS FOR THE WRIT.

I.

The Decision Below Is in Conflict With the Decision of the Court of Appeals for the Second Circuit on the Same Matter in Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633 (2d Cir. 1956), cert. den. 352 U. S. 871 (1956).

This case is now on all-fours with the *Vanity Fair* case, *supra*, even including the fact that one of the defendants is a foreign national, to whom a foreign sovereign in adversary proceedings has confirmed registration of the trade-mark in issue. (See also *George W. Luft Co. v. Zande Cosmetic Co.*, 142 F. 2d 536 (2d Cir. 1944), cert. den. 323 U. S. 756 (1944).)

The lengthy opinion of the Second Circuit in the *Vanity Fair* case reviews all the prior pertinent cases, including the most apposite opinion of this Court, *Steele v. Bulova Watch Co.*, 344 U. S. 280 (1952), on which the plaintiff here relied. The Court stated:

> "We do not think that the Bulova case lends support to the plaintiff; to the contrary, we think that the rationale of the Court was so thoroughly based on the power of the United States to govern 'the conduct of *its own citizens* upon the high seas or even in foreign countries *when the rights of other nations or their nationals are not infringed*,' that the absence of one of the above factors might well be determinative and that the absence of both is certainly fatal. . . . We conclude that the remedies provided by the Lanham Act, other than in Sec. 44, should not be given an extra-territorial application

against foreign citizens acting under presumably valid trade-marks in a foreign country." (234 F. 2d at 642-643; emphasis in original.)

(As to Section 44, the Court concluded, 234 F. 2d at 644, that the benefits there provided are also "limited in application to within the United States.")

The opinion of the Second Circuit in the *Vanity Fair* case sets out at elaborate length not only why the District Court did not have jurisdiction under the Lanham Act but also why, as a matter of comity, a United States District Court should not "take jurisdiction over that portion of [the] action turning on the validity or invalidity of defendant's [Mexican] trade-mark."

"In the first place, courts of one state are reluctant to impose liability upon a person who acts pursuant to a privilege conferred by the law of the place where the acts occurred. Restatement, Conflict of Laws, Sec. 382(2); Goodrich, Conflict of Laws Sec. 94 (1939). In the second place, it is well-established that the courts of one state will not determine the validity of the acts of a foreign sovereign done within its borders. Underhill v. Hernandez, 1897, 168 U. S. 250; American Banana Co. v. United Fruit Co., 1909, 213 U. S. 347; Ricaud v. American Metal Co., 1918, 246 U. S. 304; Banco de Espana v. Federal Reserve Bank, 2 Cir. 1940, 114 F. 2d 438; Bernstein v. Van Heyghen, Freres Societe Anonyme, 2 Cir. 1947, 163 F. 2d 246, cert. denied 332 U. S. 772; Pasos v. Pan American Airways, 2 Cir., 1956, 229 F. 2d 271. These precedents have not involved the acts of trademark officials of foreign countries, but their rationale would appear to extend to that situation." (234 F. 2d at 646.)

See also *George W. Luft v. Zande Cosmetic Co.*, 142 F. 2d 536 (2d Cir. 1944), cert. den. 323 U. S. 756 (1944). The Court concluded in the *Vanity Fair* case:

> "Were this merely a transitory tort action in which disputed facts could be litigated as conveniently here as in Canada, we would think the jurisdiction of the district court should be exercised. But we do not think it the province of United States district courts to determine the validity of trade-marks which officials of foreign countries have seen fit to grant. To do so would be to welcome conflicts with the administrative and judicial officers of the Dominion of Canada. We realize that a court of equity having personal jurisdiction over a party has power to enjoin him from committing acts elsewhere. But this power should be exercised with great reluctance when it will be difficult to secure compliance with any resulting decree or when the exercise of such power is fraught with possibilities of discord and conflict with the authorities of another country." (234 F. 2d at 647.)

The *Vanity Fair* case was decided after this Court's opinion in the *Bulova Watch* case. This Court denied certiorari in the *Vanity Fair* case. In the instant case the Court of Appeals for the Ninth Circuit has ruled directly contrary to the *Vanity Fair* case.

II.

The Decision Below Decides an Important Question of Federal Law Which Has Not Been, but Should Be, Settled by This Court.

In *Steele v. Bulova Watch Co.*, 344 U. S. 280 (1952), the decision of this Court was predicated upon the prior nullification by the Mexican courts of the defendant's registration of the allegedly infringing trade-mark. This Court stated:

> "The question, therefore, whether a valid foreign registration would affect either the power to enjoin or the propriety of its exercise is not before us." (344 U. S. at 289.)

At all times material here, including the time when the cause was before the District Court prior to the Mexican decisions which are reprinted in Appendices "D-1" and "D-2," petitioners have had a valid Mexican registration of the trade-mark "Las Palmas." The affirmation of petitioners' registration by the Mexican courts in adversary proceedings between these parties now merely makes the question reserved in the *Bulova Watch* case more obvious here. As shown in I above, the answer of the Ninth Circuit is in direct conflict with the answer given the same question by the Second Circuit. The answer of the Ninth Circuit is also in conflict with the most nearly applicable prior decisions of this Court. (*Underhill v. Hernandez*, 168 U. S. 250 (1897); *American Banana Co. v. United Fruit Co.*, 213 U. S. 347 (1909); *Ricaud v. American Metal Co.*, 246 U. S. 304 (1918).)

III.

By Refusing to Give Effect to the Decisions of the Mexican Courts Which Were Rendered Subsequent to the Granting of the Preliminary Injunction by the District Court, the Court of Appeals Departed From the Accepted and Usual Course of Judicial Proceedings in Reviewing an Equitable Decree.

The Mexican decisions subsequent to the decision of the District Court affirmed the validity of petitioners' Mexican registration of "Las Palmas" in adversary proceedings in the appropriate forum. This subsequent event should be determinative on appeal in a court of equity and in a matter where comity is at stake. (Compare *Steele v. Bulova Watch Co.*, 344 U. S. 280, 285, 289 (1952).) Otherwise the judgment of the Circuit Court also violates the rule that determination of an appeal in a court of equity should give effect to all facts relevant at the time of the determination of the appeal.

> "It is the case that is here now that must be decided, and it must be decided on the basis of the circumstances that exist now." (*Public Utilities Commission v. United Fuel Gas Co.*, 317 U. S. 456, 466 (1942).)

> ". . . the dominant principle is that nisi prius and appellate tribunals alike should conform their orders to the state law as of the time of the entry. Intervening and conflicting decisions will thus cause the reversal of judgments which were correct when entered." (*Vandenbark v. Owens-Illinois Co.*, 311 U. S. 538, 542-543 (1941).)

Conclusion.

Fundamental issues concerning the jurisdiction of the federal courts under the Lanham Act, the doctrine of comity, and the course of judicial proceedings on appellate review of preliminary injunctions are raised by this case. It is respectfully submitted that for the reasons stated above this Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

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